

**PROMISSORY NOTE**  
**ARKANSAS DEVELOPMENT FINANCE AUTHORITY**  
**SECTION 1602 EXCHANGE PROGRAM**

PRINCIPAL: \$ \_\_\_\_\_

DATE: \_\_\_\_\_, 2009

PAYMENT DUE DATE: Within thirty (30) days of the occurrence of any default event as defined in the associated Mortgage.

ANNUAL FORGIVABLE AMOUNT: (1/15 of the principal amount stated above)

MAKER: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

COUNTY IN WHICH PROPERTY LOCATED: \_\_\_\_\_

LEGAL DESCRIPTION OF PROPERTY: See Exhibit A ("the Property")

**1. Terms and Payment:**

The principal of this Promissory Note (the "Note") shall annually decrease by 1/15 of the principal amount in exchange for Maker's, and Property's, compliance in the immediately preceding year with all requirements of the Section 1602 Exchange Agreement executed on \_\_\_\_\_, 2009 (the "Exchange Agreement") between ADFA and Maker, all requirements of the Section 1602 Exchange program, all requirements of Section 42 of the Internal Revenue Code, regulations and agency guidance, and all other applicable requirements.

Upon the occurrence of any default event as defined in the associated Mortgage and Agreement, including but not limited to the breach of any provision of the Exchange Agreement executed by Maker and ADFA on \_\_\_\_\_, 2009, the balance of the principal as of the date of the default occurrence date shall be due and payable in full to Arkansas Development Finance Authority ("ADFA"). On all sums not paid to ADFA within thirty (30) days of the occurrence of a default event, default interest shall accrue at the maximum legal rate.

**2. Waiver of Notice and Presentment; Attorney's Fees:**

The Maker and guarantor(s) of this Note (collectively the "obligated parties") agree to and do hereby waive demand or presentation of the Note for payment to the Maker hereof and waive protest and notice of non-payment. Further, the obligated parties agree to pay all costs and reasonable attorney's fees should it become necessary to retain legal counsel to take action for collection of this Note.

**3. Recourse:**

It is expressly understood by the parties hereto that the Maker shall have personal liability on this Note and the related Mortgage.

**4. Security of Note:**

This Note is secured by a Mortgage dated\_\_\_\_\_, 2009, executed by Maker and filed in the real property records of \_\_\_\_\_ County, Arkansas, encumbering the real property described in Exhibit A attached hereto. This Note is further secured by certain guaranty and/or guaranties, executed by the General Partner of the Property Owner and/or all members and/or partners of the General Partner, which is attached hereto as Exhibit B and incorporated herein as if set forth word for word.

MAKER:

By: \_\_\_\_\_

Its: General Partner

By: \_\_\_\_\_

[Name]

Its: Member

Date: \_\_\_\_\_

Federal I.D Number: \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF ARKANSAS                    )  
  )  
COUNTY OF \_\_\_\_\_ )

BEFORE ME, the undersigned Notary Public, on this day personally appeared \_\_\_\_\_, Member of \_\_\_\_\_, LLC, General Partner of \_\_\_\_\_, Limited Partnership, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the same of the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this \_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

THIS INSTRUMENT PREPARED BY:  
Arkansas Development Finance Authority  
P. O. Box 8023  
Little Rock, AR 72203-8023

**EXHIBIT A**  
**LEGAL DESCRIPTION**

**EXHIBIT B**

**(Copy of Guaranty)**